

**Job Training Needs Committee – 3 November 2009
United States Department of Labor/Office of Apprenticeship**

The Registered Apprenticeship Advantage

Registered Apprenticeship is a win-win partnership. It helps businesses and Iowa thrive by creating highly skilled, highly productive employees.

What is Registered Apprenticeship?

- **It's a Job** - *Apprentices start working from day one with incremental wage increases as they become more proficient.*
- **It's On-the- Job Learning and Education** - *Registered Apprenticeship includes on-the-job learning from an assigned mentor combined with technical training provided by apprenticeship training centers, technical schools, community colleges, and institutions employing distance and computer-based learning systems.*
- **It's a Credential** - *At the end of the apprenticeship, all apprentices receive a nationally recognized credential. Some apprenticeship programs offer interim credentials as apprentices achieve important milestones during their apprenticeship.*

Recent Statistics for Registered Apprenticeship in Iowa

Average Starting wage: \$13.62 /hour
Average Completion wage: \$23.99 /hour (does not include benefit packages)
Active Apprentices FY 2009: 7091
Active Apprenticeship Programs in Iowa FY 2009: 629
New programs added in FY 2009: 128
New Apprentices started in FY 2009: 2091

Benefits of the Registered Apprenticeship Training Model

Confronted with the current economic crisis like none we have seen since the great depression, the nation's policy makers must look carefully at how to strategically invest public resources to restore confidence. Apprenticeship provides a cost effective, time-tested, results-oriented training and employment strategy that can put people to work immediately.

- The federal allocation to apprenticeship of \$23 million leverages approximately \$2 billion in private sector investment—no other public workforce program has this level of private leverage, it is a proven strategy to develop skilled workers and help the economy grow,
- The investment would go directly to individuals and employers,
- It would help put the unemployed, youth and disadvantaged populations back to work, to include, minorities, women, persons with disabilities, the elderly, and persons convicted of felonies who are trying to reenter society after release from prison.
- Successful programs can lift people out of poverty and unemployment and provide a pathway to the middle class,
- Successful programs are a critical component of infrastructure development and rebuilding,
- It provides a vehicle to support the development of “green” jobs and new advanced technologies,
- It supports comprehensive workforce development strategies coming out of other federal agencies, such as Transportation, Energy, Environmental Protection, Health and Human Services, the Military and others

- Successful programs develop middle skill jobs — an area that is projected to grow exponentially over the next decade and that requires an Associate’s Degree level or less. Registered Apprenticeship is a key component to the nation’s talent development strategies in many high demand industry sectors.

For employers, benefits include:

- Skilled workers trained to industry/employer specifications to produce quality results.
- Increased productivity and knowledge transfer due to well-developed on-the-job learning.
- Enhanced retention. In FY 2009, approximately 90 percent of registered apprentices in Iowa were still employed nine months after registration as apprentices.
- A stable pipeline of new skilled workers. Apprenticeship programs offer a predictable pipeline of program completers, while established pre-apprenticeship programs provide access to the next generation of workers.
- An emphasis on safety training that may reduce worker compensation costs.

For apprentices, benefits include:

- Immediate employment in jobs that usually pay higher wages and offer career growth opportunities. In FY 2009, the average starting wage for an apprentice in Iowa was \$13.62 and the average completion wage was \$23.99 (wages do not reflect benefits)
- Higher quality of life and skills versatility.
- Portable credentials recognized nationally and often globally.
- Formal articulation agreements between apprenticeship training programs and 2- and 4-year colleges that create increased opportunities for college credit and future degrees.

Overview of the National Registered Apprenticeship System

Registered Apprenticeship is a national training system that combines paid learning on-the-job and related technical and theoretical instruction in a skilled occupation. The purpose of a Registered Apprenticeship program is to enable employers to develop and apply industry standards to training programs that can increase productivity and improve the quality of the workforce. Nationally, Registered Apprenticeship trains more workers for high-skilled, high-wage careers than any other public workforce investment program in the nation, at a fraction of the cost. Sponsors express great satisfaction with their programs, with an employer satisfaction rate of 87 percent (Robert Lerman, et. al., The Urban Institute, 2008). There is also high satisfaction among apprentices particularly with wages. The Upjohn Institute conducted a net impact and cost-benefit analysis of the Washington State workforce system in 2006 and found that earnings increases associated with apprenticeship training were substantially higher three to four years after leaving the program than other post-secondary educational programs (community colleges, private career schools and career and technical education). With only a \$23 million federal investment in Registered Apprenticeship, it remains one of America’s great untapped resources that yield extraordinary returns:

- Over \$2 billion leveraged from private investment in education and training from program sponsors,
- This unique, industry-driven training is a proven, effective method with many benefits. Because apprentices pay income taxes on their wages, it is estimated that every dollar the federal government invests in apprenticeship yields more than \$50 in revenues.
- Has an employer return on investment (ROI) estimated at 3 to 10 times the investment,
- Currently prepares over 468,000 active apprentices in approximately 1,000 career areas.
- Meets the skilled workforce needs of 250,000 employers in a wide range of industries, and
- Achieves these outcomes for less than \$75 (federal dollars) per apprentice (other federal workforce programs range from approximately \$3000 -\$20,000 per participant).

The National Registered Apprenticeship system is a partnership among DOL, State agencies, industry leaders, employers, employer associations, labor-management organizations (primarily consisting of labor organizations and employers), and educational institutions. Industries, in partnership with state and federal apprenticeship offices, develop and operate apprenticeship programs based on the skills and knowledge that business and industry needs from its employees, ensuring that apprentices develop up-to-date and relevant

skills. Program sponsors, which include employers, employer associations, and labor-management organizations, voluntarily operate and cover most or all costs of the program.

The National Apprenticeship Act (NAA) (also known as the Fitzgerald Act), enacted in 1937, authorizes the Federal government, in cooperation with the states, to oversee the nation's apprenticeship system. DOL's Office of Apprenticeship (OA), is responsible for registering apprenticeship programs that meet Federal and State standards, issuing Certificates of Completion to apprentices, encouraging the development of new programs through outreach and technical assistance, protecting the safety and welfare of apprentices, and assuring that all programs provide equal opportunity and high quality training to their apprentices.

Apprenticeship Program Structure

Registered Apprenticeship programs offer employment and a combination of on-the-job learning and related technical and theoretical instruction through a training provider. Apprentices are employed at the start of their apprenticeship and work through a series of defined curricula until the completion of their apprenticeship programs.

The duration of training, and the skills and competencies required for mastery, are driven by industry. Traditional apprenticeship programs require a specific number of hours of on-the-job training. Increasingly, industries are requiring competency-based training programs that reflect mastery of key skills and allow motivated workers to progress at their own pace. Currently, the Registered Apprenticeship system approves time-based, competency-based, and a hybrid of time- and competency-based programs, and helps industries transition to competency-based apprenticeship programs for enhanced effectiveness.

Certifications earned through Registered Apprenticeship programs are recognized nationwide as portable industry credentials. The primary apprentice certification is a Certificate of Completion, which is awarded at the end of the apprenticeship. Many apprenticeship programs—particularly in high-growth industries such as health care, advanced manufacturing and transportation—also offer interim credentials and training certificates based on a competency model that leads to a Certificate of Completion. There may be beginning, intermediate, advanced, and specialty certification levels. Registered Apprenticeship programs also allow credit for previous apprenticeship-related experience.

Pre-Apprenticeship Strategies

For workers who may not have the fundamental skills to succeed in a Registered Apprenticeship program and youth who are exploring career options, pre-apprenticeship training programs act as a bridge. These training programs, which are operated by apprenticeship sponsors, education, community- or faith-based organizations, can help apprenticeship candidates decide on an occupational track, develop foundational skills, and improve productivity once employed. Pre-apprenticeship programs operate an approved plan under which candidates participate in a short, intensified training period in a school or training center, with the intent to place them into Registered Apprenticeships upon completion or soon after completion of the program. Pre-apprenticeship can be used as a means of selecting apprentices under a particular program sponsor's approved program standards. DOL recognizes pre-apprenticeship programs, but does not formally register them. Many pre-apprenticeship programs also operate in partnership with the workforce investment system.

Registered Apprenticeship Aligns with Workforce System Priorities

Registered Apprenticeship is a highly versatile training strategy that aligns with and advances the goals of key workforce investment system initiatives. Features of Registered Apprenticeship, including its customized format, the extensive industry knowledge of state and federal apprenticeship staff, and its significant employment, retention, and wage outcomes, make the program an effective means of meeting workforce system goals. By coordinating and collaborating with the knowledgeable professionals that make up the Registered Apprenticeship system, the workforce system can increase the quality of its services to both its employer and worker customers and enhance activities in support of current workforce

system priorities. Apprenticeship is an important addition to the suite of potential education and training services the workforce system provides to its customers.

Increasing access to workforce education and training. Adult and/or working learners with families and financial obligations frequently are unable to stop working while they gain additional education or workforce skills. Young adults may not be able to go to school full time without benefit of a job. Registered Apprenticeships are “earn and learn” opportunities and provide access to education and training that may not otherwise be accessible to many adults.

Designing innovative programs that fuel regional economic competitiveness and create employment opportunities for career seeker customers. Registered Apprenticeship training can be a valuable tool in the broader suite of talent development approaches that support competitive regional economies and flexible talent that can adapt as jobs grow and/or change. As an employer-driven model for competency development and skill mastery, Registered Apprenticeship can support the development and advancement of worker pipelines for both emerging and established employers and regional industry sectors. Because apprenticeship programs include immediate employment for apprentices, they are an excellent option for dislocated workers and others who are transitioning from declining industries. Registered Apprenticeship programs can also be an important part of industry growth strategies in regions where significant re-skilling of the workforce needs to take place. Implementing apprenticeship and pre-apprenticeship models that are aligned with growth strategies for regionally-critical industry sectors and clusters creates opportunities for workers at all levels of the career ladder to up-skill and advance to meet evolving skill needs, and provides employers with the talented human capital needed for economic prosperity.

Meeting the needs of at-risk youth. Apprenticeship is an important talent development option for youth as they seek postsecondary education and training that will lead to career opportunities in demand-driven occupations. Registered Apprenticeship and pre-apprenticeship programs provide many benefits that allow the workforce investment system to respond to the call of DOL’s Youth Vision. In addition to the industry-driven nature of apprenticeship training, apprenticeship involves high school, community colleges, and technical or alternative schools in the delivery of job-related classroom instruction. Apprenticeship also provides youth with the opportunity to earn while they learn, offers professional development and employability skills training curricula, and may incorporate instruction that leads to the completion of a high school diploma or GED.

Funding Sources to Support Registered Apprenticeship.

Ensuring that apprenticeship is included as part of the full complement of education and training resources provided to job seekers and employers presents multiple opportunities for the public workforce system to leverage WIA funds in innovative and creative ways. The Workforce Investment Act provides the workforce system with significant flexibility to implement responsive training and education solutions, and state and local workforce system leaders are urged to consider ways in which their existing WIA training resources may be invested strategically to support apprentices and apprenticeship sponsors. For example, while most Registered Apprenticeship programs are funded by program sponsors, the workforce system can help to expand apprenticeship programs regionally by strategically deploying WIA funds to temporarily offset training costs for employers who might need to understand the potential returns on their investment before undertaking significant training costs.

Investing in Registered Apprenticeship can be one of the most cost effective investments to make while providing for strong performance outcomes. This investment will provide significant benefits in responding to the current economic crisis by putting people to work immediately in industries that will grow and where they can have a career with competitive wages. A relatively small investment of new federal funds combined with linkages and leveraging existing federal programs (within and outside of DOL) could lead to dramatic increases in the scale and utilization of Registered Apprenticeship. It is not unrealistic to assume that Apprenticeship could easily double from its almost 500,000 apprentices and could approach numbers in the millions. Investment in Registered Apprenticeship could provide a badly needed stimulus for the U.S. economy and provide significant relief and opportunity to countless Americans. Additional

investment in Registered Apprenticeship will ensure a positive response to short term economic needs while it also lays the groundwork for long-term economic growth and competitiveness.

Historically, employers, industry associations, and labor-management organizations have been instrumental in developing and funding Registered Apprenticeship programs. The public workforce system has an important role to play in leveraging and advancing these investments. This can be accomplished both through workforce system funding strategies, and through the system's unique position as the convener and catalyst of a broad array of workforce and economic development partners, all of whom have a stake in the acceleration of competency-based education and training models that enable workers to meet the evolving skill needs of the 21st century work environment. Workforce system leaders, with education and employer partners, can play the critical role of identifying and aligning funding that may support both theoretical and practical education, advancing skills upgrading models, and supporting workers' career advancement based on increasing mastery of the skills required in current and emerging workplaces. In today's economy, states and economic regions must continuously identify new approaches to ensuring that the education levels of the current and projected workforce align with the anticipated skill and competency needs of both established and emerging industries. The workforce system can support these efforts by ensuring that the full complement of education, employer, and economic development partners, including new or "non-traditional" partners, are at the table and involved in discussions related to the alignment and commitment of resources to support innovative training and advancement models.

Suggestions

In order to ensure that apprenticeship is consistently integrated into service delivery strategies for businesses and the workforce, it is critical to support collaboration between the apprenticeship infrastructure, the workforce investment system, and the continuum of education at all levels. Strategies for collaboration and integration are discussed below.

WIA State and Local Strategic Planning. State and local Workforce Investment Boards (WIBs) have an opportunity to support integration of Registered Apprenticeship through their regular strategic planning processes for WIA and the Wagner-Peyser Act. One highly effective strategy is to include apprenticeship training as a workforce strategy in the WIA state and local plans as a workforce solution for growing skills in targeted industry sectors.

Business Engagement Strategies. WIBs and/or One-Stop Career Centers can integrate apprenticeship into business engagement strategies by encouraging the development of new apprenticeship programs as a solution to meet business customer needs. WIBs and One-Stops can leverage business relationships and engage businesses jointly with apprenticeship staff. WIBs can further enhance strategic regional partnerships by integrating apprenticeship programming into their strategies for talent development and linking apprenticeship programs to other economic development entities and school district administrations, alternative education programs, adult basic education programs, prisons, and city, county, and state governments. An important asset that can be marketed to employers is the ability of apprenticeship staff to develop competency models which break the skills needed for any particular task into learning objects that then become the foundation for classroom curricula and training. This ensures that apprentices achieve the right skills to meet industry needs.

Expanding Available Eligible Training Providers for ITAs. The WIA statute and regulations explicitly provide for flexibility in determining registered apprenticeship training programs as initially eligible providers of ITA-funded training services. This enables expanding the available training options to ITA recipients. Specifically, the WIA regulations at 20 CFR 663.505(b)(2)(ii) identify entities that carry out programs under the National Apprenticeship Act (NAA) as potential eligible providers of training services, and the WIA regulations at 20 CFR 663.515(b) empower local WIBs to determine the eligible training provider application procedures for apprenticeship programs registered under the NAA. As such, apprenticeship programs may benefit from streamlined processes for becoming initially approved as eligible providers of training to ITA recipients, without having to undergo the standard State agency review process (20 CFR 663.515(d)).

One-Stop Career Center Operations. At the One-Stop Career Center level, a range of programmatic and operational activities can support closely integrated and coordinated functions.

- **Career Guidance Strategies.** Referral to apprenticeship and pre-apprenticeship programs can be routinely integrated into the career guidance and career exploration services offered through the One-Stop Career Center system, both virtually and as part of staff-assisted services.
- **Service Delivery Design.** Co-locating apprenticeship staff in One-Stop Career Centers allows them to work collaboratively with WIA case managers and veterans' representatives to place career seekers with apprenticeship sponsors and to market and establish programs. Even when programs are not co-located, One-Stop Career Center and Registered Apprenticeship staff can be encouraged to work together to market apprenticeship and refer appropriate candidates.
- **Coordinated Education and Career Outreach.** One-Stop Career Centers can co-sponsor career fairs and other outreach activities related to education and career opportunities with local representatives of the Registered Apprenticeship system, and can market apprenticeship opportunities to both employers and workers.
- **Coordination for Pre-Apprenticeship.** One-Stop Career Center staff can coordinate the development of pre-apprenticeship or training venues between participating Registered Apprenticeship programs and community-based organizations committed to provide related work experience to prepare candidates for Registered Apprenticeship.

Policy Development and Funding Strategies. Collaboration with apprenticeship can be further enhanced through the development of policies that facilitate and encourage partnership. For instance, Iowa may issue policy to provide guidance around the operation of such partnerships, and to highlight models of successful collaboration. The State and local areas may organize regular roundtables or other policy forums in which workforce system, apprenticeship system, education, and employer stakeholders are brought together to discuss policy issues and explore collaborative opportunities.

Individual Training Accounts (ITAs). ITAs, described at 20 CFR 663.400 – 663.440, are training and education financing accounts established on behalf of eligible adults and dislocated workers that enable these individuals to purchase training for in-demand occupations and careers from eligible providers of their own choosing. Both employed and unemployed adults and dislocated workers may be eligible to receive ITAs, though employed individuals must be determined to be in need of training services to obtain or retain employment that leads to self-sufficiency in order to receive ITAs (see 20 CFR 663.220 (b), 20 CFR 663.230, and 20 CFR 663.310, as well as the Preamble to the Final Rule for WIA, 65 Fed. Reg. 49294, 49326, Aug. 11, 2000). As the primary method of training service purchase and delivery in the public workforce system, ITAs can provide eligible apprentices with financial support for the related instruction portion of their apprenticeships. In addition, ITAs may be used to provide eligible individuals with access to pre-apprenticeship training in preparation for formal apprenticeships. The use of ITAs to support the related instruction (e.g., classroom and distance learning) portion of apprenticeship training or pre-apprenticeship training may be advantageous for a number of reasons. ITAs support customer choice in selecting training providers, empowering apprentices and pre-apprentices to make informed education and career decisions. WIA funded training must be directly linked to employment opportunities in the local area (20 CFR 663.310(c)). This can be a useful tool to support Registered Apprenticeships' focus upon employer-driven training design and delivery.

Customized Training Models

When working with employers on training and workforce solutions, WIBs and One-Stop Career Centers may find it valuable to utilize customized training to subsidize the classroom training portion of an apprenticeship model. For example, a local WIB could offer a particular course of training for apprenticeship sponsors in a targeted sector, such as advanced manufacturing, across a region whose economic base revolves around this sector. Local WIBs could also offer "linked" courses of training across connected industry sectors, such as construction and transportation, to more broadly support the economic clusters driving job growth in that particular region. This approach provides the ability to leverage employer investments with WIA funding to increase the skilled labor pool in a regional economy.

On-the-Job Learning (OJL)

Defined at WIA Section 101(31), OJL can be a useful training methodology for employers wishing to upgrade the skills of new hires and incumbent workers and keep workplaces current with the evolving skill and technology demands of the 21st century economy. Under traditional OJL partnerships, employers fund and deliver skills upgrade training at the workplace to participating employees, and the public workforce system leverages employers' training investments by contributing up to 50 percent of the OJL participants' wages, in recognition of the costs associated with providing the training (20 CFR 663.710). Like customized training models, OJL may provide apprenticeship sponsors with a talent development strategy that supports apprentices' increasing mastery of technical skills. Furthermore, because the content of OJL is largely designed by employers, the workforce system may find that this training model is an attractive tool for increasing and expanding its partnership with Registered Apprenticeship programs.

Governor's statewide 15 percent funds, reserved under WIA Section 128(a) for statewide activities, provide the most flexible WIA funds available to states.

Up to 15 percent of funds allotted to states for adult, dislocated worker, and youth activities may be reserved by the Governor for statewide workforce investment activities and may be combined and used for any of the activities authorized in WIA Sections 129(b), 134(a)(2)(B), or 134(a)(3)(A) (which are further described in 20 CFR 665.200 and 665.210) regardless of originating funding streams. The Act and the regulations identify required statewide activities and other optional activities; these lists, however, are not all-inclusive. States have considerable flexibility to develop and implement these and other activities, including apprenticeship and pre-apprenticeship models, using reserve funds, as long as these activities are consistent with the purpose of WIA. Because individuals served with Governor's 15 percent reserve funds are not subject to the eligibility requirements of the respective funding streams from which the reserve is drawn, these funds offer a particularly flexible way to develop and grow training and education partnerships for pre-apprentices and apprentices.

Increase 260F and Apprenticeship Training fund: The purpose of the Iowa Jobs Training Program (260F) is to foster the growth and competitiveness of Iowa's workforce and industry by ensuring that Iowa's workforce has the skills and expertise to compete with any workforce outside the state of Iowa. The 260F program provides funds to support job-training services to current employees of eligible businesses located in Iowa.

Apprenticeship vs. Traditional Learning

Conceptual Model for Expertise Development Apprentice vs. Traditional

